



NATURAL PRODUCTS

Philippines

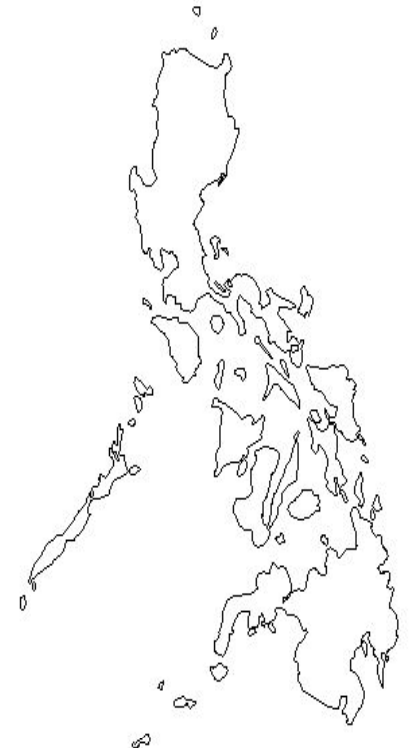
Market Overview

Growing awareness of health and the environment among the Philippines' 85 million consumers is driving 20% annual growth in the fast growing natural products market. Key industry players point out that demand for organic, chemical-free, pesticide-free and "natural" products is outpacing local production. This bodes well for U.S. suppliers, particularly processed natural food exporters.

Strong prospects also exist for U.S. exporters of breeding stocks, seeds, feeds, equipment and technology to support increasing domestic production.

Although the Philippines is abundant in natural resources and indigenous plant materials, local natural products are limited in this price sensitive market. However, market and distribution infrastructure will continue to expand due to growing awareness of food safety concerns, eco-friendly advocacies, and therapeutic benefits.

Market Advantages for U.S. Exporters	Market Challenges
Filipinos have high regard for American products	Generally low awareness for organic products
Best prospects for importation to the Philippines are processed food products	Limited range of locally produced and available organic products (mostly fresh)
Opportunities also exist for inputs and equipment	Price premium on organic products vs. mainstream products
Philippine food standards generally follow US Food and Drug regulations	The European organic industry is more active and have closer relations with the Philippine industry
Philippine organic standards are being developed; labeling requirements unique to organic products do not exist	Limited distribution and market penetration
The market is expected to grow faster than domestic production	Market for organic products is mainly upper income consumers and expatriate community



Regulatory Requirements

The Bureau of Food and Drugs (BFAD) monitors and regulates the food and drugs industry in the Philippines. Food and drug products must be registered with the Bureau of Food and Drugs prior to their distribution. BFAD guidelines are available on-line to facilitate registration and ensure a uniform application of standards for products for registration. The Philippine government imposes a 10 percent Value-Added Tax (VAT) on imported food and drugs products. The VAT is based on the valuation determined by the Bureau of Customs for the application of customs duties, plus those duties themselves, excise taxes, and other charges (i.e., charges on imports prior to release from customs custody, including insurance and commissions). The Bureau of Customs (BOC) has full responsibility for all customs valuation, classification, and clearance functions.

Import Licenses

There are import quotas and licenses required for certain commodity imports, particularly agricultural products such as grains, corn, and meat products. For most products, a release certificate, signed by an authorized bank is needed before imported goods can be cleared through Customs.

Doing Business

Best Prospects – Highest demand exists for processed foods, natural personal care products, vitamins and food supplements.

Distribution Channels – Imported products are distributed mainly in health food stores, independent organic stores, department stores, supermarkets, duty free outlets, direct sales, and in some doctors' clinics. Distributors agree to undertake registration of the products and all compliance with BFAD regulations.

Market Entry Strategies include distribution in supermarkets and chain stores, direct selling to retailers or local distributors, participation at local trade fairs, website promotional activities for brand building.

Advertising & Promotional Practices: Promotional techniques include n calls, and sponsorships of various health and beauty-related activities Fairs builds market awareness. Local trade shows featuring natur Foodlink, Asiafood Expo, Bio-Search, and World Food Expo (WOFEX).

Bureau of Food and Drugs Contact:

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BUREAU OF FOOD & DRUGS

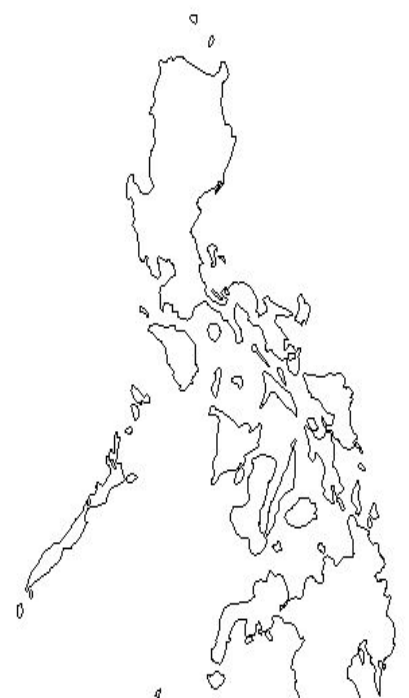
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www.BuyUSA.gov/Philippines or by contacting Commercial Attaché Brent Omdahl at

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